

Business Life Insurance

KEY EMPLOYEE CASE STUDY

Termsetter ROP



Many business owners haven't considered the financial consequences of losing a key employee due to death. You can be a valuable resource by offering your business clients tools to help them develop and finance their business continuity plans.

With Termsetter ROP, The Cincinnati Life Insurance Company's return of premium policy, your clients receive funds to offset costs related to a key employee's death or a refund of their paid base premiums (excluding rider and substandard premiums) when that key employee survives the policy term. This sample case study demonstrates how this insurance can benefit your clients.

Risks:

If John, CEO of Reybright Consulting for seven years, were to die unexpectedly, Reybright would need to:

- Hire an experienced, knowledgeable employee to take over John's responsibilities
- Reassure clients of Reybright's business continuity
- Contact creditors to establish a relationship with a new Reybright contact
- Minimize any disruption in sales and revenue

Recommendation:

Reybright purchases a Termsetter ROP policy from Cincinnati Life

- Face amount – \$1 million, 10 times John's annual compensation of \$100,000
- Coverage – Payment to Reybright through death benefit or through return of premium feature
- Options at end of term – Reybright could choose:
 - Reduced paid-up policy
 - Return of all paid base premiums
 - Conversion to a permanent policy
 - Transfer of the policy to John as compensation for his service

Background:

- **Company – Reybright Consulting**
- **Employees – 50**
- **CEO – John Keyperson, 43**
- **John's roles – leadership, company operations, management of client and bank relationships, revenue generation**

The Cincinnati Life Insurance Company			
John Keyperson – Male, 43 Face Amount: \$1,000,000 - Class: Preferred Plus – Rider: ABR			
Plan	Annual Premium	Policy Value#	Paid-Up Insurance#
Termsetter ROP 30	\$3,530.00	\$105,900.00	\$191,000.00
Termsetter ROP 25	\$3,510.00	\$87,750.00	\$185,000.00
Termsetter ROP 20	\$3,300.00	\$66,000.00	\$165,000.00

#Policy Values and Paid-Up Insurance amounts reflected for Termsetter ROP plans are based on the policy value at the end of the guaranteed term period assuming the policy is in force, was not being continued as reduced paid-up term insurance and a death claim has not been paid. Paid-Up Insurance expires on the anniversary following the insured's age 99.

Conclusion:

Losing a key employee carries both emotional and financial costs. Help your clients prepare by contacting us for help to communicate this valuable coverage to your business clients. We can provide personal guidance about business continuity planning using Cincinnati Life's Termsetter ROP.

This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. All applicants are subject to underwriting approval. Products and riders available in most states.

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6200 S. Gilmore Road, Fairfield, OH 45014-5141. Mailing Address: P.O. Box 145496, Cincinnati, OH 45250-5496.

